

Investors

INTERNATIONAL MUTUAL FUND LTD.

1968

ANNUAL REPORT

EXECUTIVE OFFICERS

T. O. PETERSON
Chairman of the Board

C. E. ATCHISON
President

J. N. W. BUDD
Vice-President

E. G. O. HOWARD
Secretary

R. H. JONES
Treasurer

INVESTMENT MANAGER
The Investors Group

DISTRIBUTOR
Investors Syndicate Limited

HEAD OFFICE
280 Broadway Avenue
Winnipeg 1, Manitoba

Investors INTERNATIONAL MUTUAL FUND LTD.

ANNUAL REPORT FOR THE YEAR ENDED
SEPTEMBER 30, 1968

Comparative Highlights

	1968 —	1967 —
Total Net Assets	\$ 94,199,490	\$ 39,178,965
Number of shareholders	21,165	9,291
Asset value per share	\$8.82	\$7.53
Dividend paid	\$426,400	\$390,136
Dividend per share	\$.04	\$.07½

Board of Directors



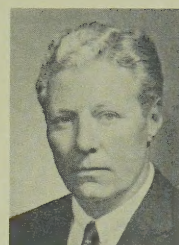
T. O. PETERSON
Winnipeg



C. E. ATCHISON
Winnipeg



J. K. BRUMELL
Toronto



PETER D. CURRY
Winnipeg



PAUL DESMARAIS
Montreal



COURTLAND ELLIOTT
Toronto



R. W. PURCELL
New York



FRANK H. SHERMAN
Hamilton

Report to the Shareholders

It is a pleasure to report to you on behalf of the Board of Directors that your Fund experienced excellent progress in all phases of its operations during the year ended September 30, 1968.

An outstanding development was the fact that total assets increased during the year by 140 per cent, from \$39,178,965 to a record \$94,199,490.

This growth was due partly to an upward trend in equity prices on the stock markets and partly to a very rapid increase in the number of Fund shareholders. The number of shareholder accounts increased during the year by 127 per cent, from 9,291 at the 1967 year-end to 21,165 at the close of the 1968 fiscal year. The increase is a good indication of the growing recognition by the investing public



C. E. ATCHISON
President

in Canada that they should invest in a reliable and rewarding mutual fund such as Investors International.

A significant area of growth during the year was in the number of new shareholders who participate in the Fund through the medium of the Share Purchase Plans, whereby shares may be purchased on a contractual basis for amounts as low as \$15 per month.

Details of your Company's financial and investment performance are provided further on in this report, but it should be noted that your Fund has out-performed the stock market indices by a wide margin. As a mutual fund which concentrates on U.S. and other foreign securities with good capital gains potential, we are confident that your management is able to continue to provide a sound investment opportunity.

Share Performance

The most important aspect of your Fund's operations is the growth in the value of your investment. The past year has been an excellent one in this respect, with the asset value per share increasing by 17 per cent.

At the end of the fiscal year the asset value per share was \$8.82, compared with \$7.53 a year earlier. Since the 1968 year-end the value of your investment has continued to rise, and at time of writing was over \$9 per share.

This performance was most heartening as it occurred during a period when the U.S. stock markets lagged behind the price recovery pattern enjoyed by the Canadian markets.

Your Directors declared a 4c per share dividend, payable after the close of the fiscal year. This compared with

a 1967 dividend of 7½c. The reason for the lower dividend is the fact that during the past year your investment managers concentrated on acquiring equities which had good prospects for capital gain rather than dividend yield. Dividends are automatically reinvested in additional shares, which provides a valuable compounding effect. But it should be kept in mind that the principal objective of Investors International is to produce capital growth over the long term. There are very real benefits to the shareholders from this investment policy as there is no capital gains tax in Canada whereas dividend income is taxable.

The profit from the sale of investments amounted to \$6,367,522, compared with \$3,354,108 during the 1967 fiscal year. At the 1968 year-end the undistributed earnings, consisting mainly of cumulative realized capital appreciation, totalled \$10,868,353. This amount was not distributed in the form of increased dividends, for the tax-saving reason given above. It is represented by a higher per share asset value, and thus greater capital gain.

Portfolio Management

The investment specialists who develop and manage your portfolio of securities had an interesting and challenging time during the past year. It was a period during which there were fairly wide swings in popularity of a wide range of U.S. stocks, which make up the bulk of your portfolio.

Your portfolio managers continued to seek out quality stocks with a high potential for capital gains, in line with the stated objective of your Fund, which is capital appreciation over the long term rather than current dividend yield.

In the course of the year there was a general disengagement from the transportation field in the United States, particularly in airline stocks. Your managers shifted their emphasis to the consumer-oriented Merchandising field, which appears to have exciting prospects over the medium and long term. This category accounted for over 30 per cent of your portfolio holdings by the year-end, valued at a total of \$29.1 million. The major individual holdings were Melville Shoe Corporation, Kentucky Fried Chicken Corporation and Zayre Corp., the latter an aggressive apparel and discount store chain.

Excellent diversification was achieved in the Miscellaneous section, ranging from a 16,200-share investment in the Planning Research Corp., a problem-solving concern, to a 15,000-share holding of Pennzoil Co., active in the oil,

gas distribution and sulphur business. As in the previous year, heavy stress was placed on the Office Equipment field, with International Business Machines Corp. continuing to be a prominent investment medium.

The Oil and Gas group accounts for more than 10 per cent of the portfolio, valued at more than \$9.7 million. It is this group which has the broadest international flavour, with U.S., British and Dutch companies represented. The largest holding is Atlantic Richfield, which accounts for \$4.7 million, while British Petroleum stood at \$2.3 million and Royal Dutch Petroleum at \$1.7 million.

Apart from the British and Dutch oil holdings, the only other investments in overseas companies was in the field of xerography, represented by 13,800 shares of the British concern A. Kershaw & Sons Ltd. and a total of 250,000 shares in the Rank Organisation, also of Britain, valued at a total of about \$3.1 million.

At the fiscal year-end the cash position of your Fund stood at about \$6 million, which was considered adequate for the investing opportunities at that time. These funds along with new monies being invested by shareholders will be committed to the purchase of good quality stocks as they become available at what we consider attractive prices.

Economic Review and Outlook

In view of the fact your Company has concentrated its investments in the United States, it is essential to take particular note of business and economic conditions in that country.

The recent election of Mr. Richard M. Nixon as President has been the cause of much searching on the part of business observers for clues as to the possibility of any major change in the direction of the U.S. economy. It is apparent at this time that Mr. Nixon's options are limited by a number of powerful economic and psychological forces. The two major ones are:

- The Viet Nam peace talks will be protracted, and thus there is no immediate prospect of a reduction in the current high level of military expenditures.
- Pressure arising from discontent in the so-called ghetto areas of the United States will exert an intensified demand for massive improvement programs, financed by both the public and private sectors.

The overall problem facing economic planners and policy makers, of course, is to maintain full employment conditions and economic growth while at the same time slowing down the pace of inflation in the United States. It certainly appears that when the Nixon administration takes over early in the New Year, a more conservative approach will be taken as to the role of government. And there is the strong likelihood of tougher fiscal and monetary policies being adopted.

However, because of the dominance of Democrats in the U.S. Congress, any shifts in economic policies probably will be both moderate and gradual.

Meanwhile, there are a number of positive developments in the U.S. economy which are highly encouraging. The economy continues to roll up impressive gains in the business activity sector. Consumer spending has been especially outstanding during the past few months, despite the tax surcharge imposed earlier this year.

Also, businessmen appear to be optimistic as preliminary plans for 1969 capital expenditures on new plant and equipment are well in excess of earlier expectations. If these announced intentions for a strong upsurge in business investment are proceeded with, the rate of productivity growth should accelerate and thus help to restrain inflation.

The rapid technology change and inventiveness of the U.S. economic system is being reflected this year in a better than anticipated profit pattern across a broad sweep of industries.

While there is some speculative activity in the stock markets which gives cause for moderate concern, the great bulk of U.S. common stocks are reasonably valued, and the long-term investor can look to the future with confidence.



C. E. Atchison,
President.

Investors INTERNATIONAL MUTUAL FUND LTD.

Achievement of Fund's Objectives

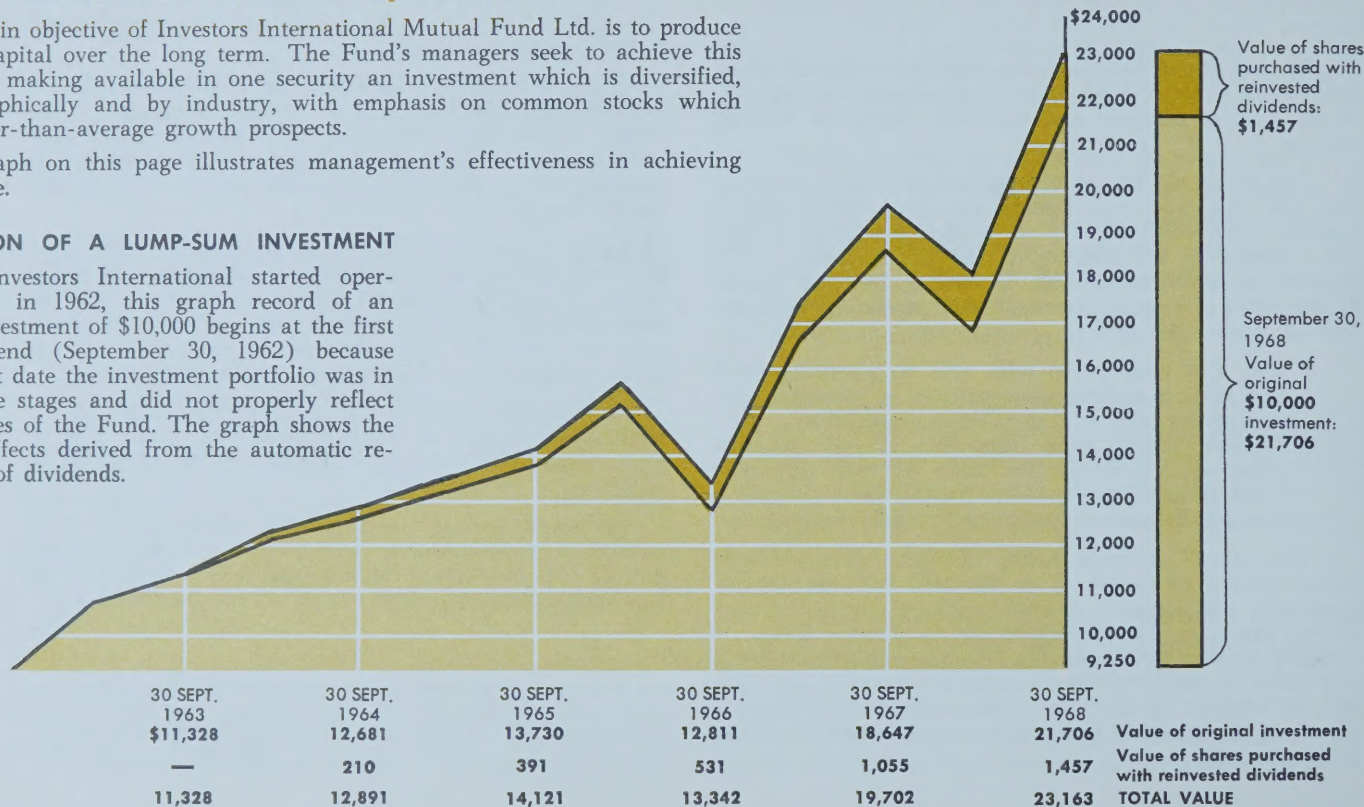
The main objective of Investors International Mutual Fund Ltd. is to produce growth of capital over the long term. The Fund's managers seek to achieve this objective by making available in one security an investment which is diversified, both geographically and by industry, with emphasis on common stocks which possess better-than-average growth prospects.

The graph on this page illustrates management's effectiveness in achieving this objective.

ILLUSTRATION OF A LUMP-SUM INVESTMENT

Although Investors International started operations early in 1962, this graph record of an assumed investment of \$10,000 begins at the first fiscal year-end (September 30, 1962) because prior to that date the investment portfolio was in its formative stages and did not properly reflect the objectives of the Fund. The graph shows the beneficial effects derived from the automatic re-investment of dividends.

Total value of investment at September 30, 1968: **\$23,163**



Record of a Continuous Investment Program

\$1,000 INITIAL INVESTMENT — \$100 PER MONTH

Investors International shareholders may start accounts on a relatively moderate basis and increase their accounts by making regular purchases of additional shares to reach their objectives.

The following illustration is based on an assumed investment of \$1,000 on September 30, 1962, and subsequent investments of \$100 per month with dividends reinvested in shares.

					VALUATION OF ACCOUNT AT SEPTEMBER 30, 1968	
Year	Cash Investment	Dividends Reinvested	Shares Credited	Accumulated Shares		
1962	\$1,200	\$ nil	289.797	289.797	Redemption Value (1,486.026 shares x \$8.816)	\$13,100.81
1963	1,200	35.66	253.533	543.330	Original Investment	\$ 1,000.00
1964	1,200	42.66	229.820	773.150	Monthly Purchases	7,100.00 8,100.00
1965	1,200	64.99	215.418	988.568	TOTAL NET GAIN	\$ 5,000.81
1966	1,200	84.68	208.886	1,197.454		
1967	1,200	99.05	173.504	1,370.958		
1968	900	59.17	115.068	1,486.026		

Dollar Cost Averaging the Invest-A-Chek Way

Dollar-cost averaging is the name given to purchasing shares on a regular, systematic basis. When market dips occur, this system can be particularly profitable to shareholders. A booklet dealing with the subject is available from the Company. A convenient system of periodic investment, known as Invest-a-chek, has been developed especially to assist those of our clients who wish to dollar-cost average their share purchases.

Services and Benefits to Shareholders

Shareholders of Investors International Mutual Fund have the benefit of many valuable and helpful services provided by The Investors Group. It has been the continuing policy of the Company to emphasize the development of such services, to meet the needs and convenience of the clients whom it serves. Among the benefits and services extended to you as a shareholder are the following:

FREE REINVESTMENT OF DIVIDENDS

Dividends from investment income are automatically reinvested, without a sales charge, to purchase additional shares which are credited to your account. This compounding action provides an extra growth factor.

REDUCED SALES CHARGE

The purchase amounts of all your investments in mutual funds distributed by Investors Syndicate Limited are added together to reduce the sales charges on further purchases. Family purchases (by spouse and children under 21) are included with your own in determining total purchases.

FREE TRANSFER OF INVESTMENTS

If your investment objectives change, you may transfer without charge all or part of your account to shares of one of the other mutual funds distributed by Investors Syndicate Limited. If you wish to hold, either temporarily or permanently, an investment having guaranteed cash values you may transfer into the guaranteed Single Payment Annuity Certificates of Investors Syndicate Limited.

FRACTIONAL SHARES

Shares are issued in full and fractional amounts so that any sum of money may be fully invested, thus avoiding any unproductive balance.

INCOME TAX ADVANTAGES

Shareholders residing in Canada who receive dividends from Investors International Mutual Fund are entitled to an income tax credit of 20% of the amount of dividends received, in accordance with Section 38 of the Income Tax Act. Such credits are deducted from the tax payable. Dividends received by Canadian corporations from Investors International Mutual Fund are tax-free. A further tax benefit is the fact that realized capital gains are not taxed in Canada.

PROMPT REDEMPTION

Your Company agrees to redeem any portion or all of your shares at the net asset value per share as of the close of business on the day following receipt of your request at the head office of the Company.

TAX-DEDUCTIBLE RETIREMENT PLANS

The Income Tax Act provides that shareholders of Investors International Mutual Fund may purchase shares of the Fund and “register” them as a Registered Retirement Savings Plan, under certain conditions. If you would like to build up an annuity fund or supplement your existing pension plan, full details of these pension plan benefits may be obtained from the Company’s head office or its representatives.

SYSTEMATIC SHARE PURCHASE PLANS

Amounts as low as \$15 per month may be invested in plans having ten, fifteen or twenty-year maturities. These plans provide a desirable method of accumulating money for specific purposes. Optional low-cost insurance may be purchased with these plans, to cover completion. Our new Invest-a-chek system makes regular share purchasing easy and convenient.

INVEST-A-CHEK SERVICE

As an added convenience to shareholders, the Invest-a-chek system has been introduced whereby the shareholder purchases shares in the Fund by pre-authorized cheques on his or her bank account. This system is particularly helpful to clients who purchase shares on a regular, systematic basis, and thus wish to benefit from dollar-cost averaging of investments.

INCOME WITHDRAWAL PLAN

Monthly or quarterly, shareholders may redeem a sufficient number of shares at asset value to provide the dollar amount required. Annual withdrawals of 6-8% of the value of the account are most popular. Complete information on income withdrawal plans may be obtained from the company or its representatives.

REGULAR REPORTS

You will receive annual, semi-annual and quarterly reports, to keep you informed of Fund activities and general economic conditions.

Investors

INTERNATIONAL MUTUAL FUND LTD.

Balance Sheet

Approved on behalf of the Board:



Director



Director

NET ASSETS

Assets:

Investments, at market value in Canadian funds:

	As of September 30 1968	1967
United States corporation bonds	\$ 1,656,737	323,399
United States preferred stocks	4,077,845	996,887
Canadian common stocks	—	576,000
United States and other foreign common stocks	82,383,753	33,028,232
	<u>88,118,335</u>	<u>34,924,518</u>

*The average cost of the investments
as of September 30, 1968 was \$75,055,493
(1967 — \$29,066,540)*

Other assets:

Cash on deposit and in transit	1,731,458	2,523,311
Demand notes	2,800,000	1,200,000
Accrued interest and dividends receivable	215,429	89,860
Due from brokers	2,668,684	1,559,571
	<u>7,415,571</u>	<u>5,372,742</u>

Total assets	95,533,906	40,297,260
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Liabilities:

Due to brokers	706,657	488,836
Dividend payable	426,400	390,136
Accounts payable and accrued expenses	107,628	153,186
Income taxes payable	93,731	86,137

Total liabilities	1,334,416	1,118,295
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\$ 94,199,490	39,178,965
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See accompanying notes to financial statements.

SHAREHOLDERS' EQUITY

Capital stock:

Common shares of the par value of \$1 each.

Authorized and issued 1,000 shares

Special shares of the par value of \$1 each.

As of September 30
1968 1967

\$ 1,000 1,000

Shares—1968 Shares—1967

Authorized 20,000,000 20,000,000

Redeemed 4,466,314 3,066,108

15,533,686 16,933,892

Outstanding 10,662,002 5,200,844

10,662,002

5,200,844

10,663,002

5,201,844

Premium received on shares issued less

premium paid on shares redeemed

Retained earnings

Unrealized appreciation of assets

59,526,775

23,585,791

10,868,353

4,541,714

13,141,360

5,849,616

\$ 94,199,490

39,178,965

Auditors' Report to the Shareholders

We have examined the balance sheet of Investors International Mutual Fund Ltd. as of September 30, 1968 and the statements of income from investments and retained earnings, premium on shares, unrealized appreciation of assets, changes in net assets and changes in investments for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, including confirmation of the securities owned at September 30, 1968 by correspondence with the custodian.

In our opinion these financial statements present fairly the financial position of the company at September 30, 1968 and the results of its operations and the changes in net assets and the changes in investments for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Chartered Accountants

Winnipeg, Manitoba,

November 20, 1968.

Investors

INTERNATIONAL MUTUAL FUND LTD.

Statement of Income from Investments and Retained Earnings

	Year Ended September 30	
	1968	1967
Income:		
Dividends	\$ 820,463	448,361
Interest	106,932	119,889
	<u>927,395</u>	<u>568,250</u>
Expenses:		
Management fees	351,711	142,639
Custodian fees	5,247	3,624
Director's fees	1,500	1,500
Audit fees	2,000	1,800
Printing, postage and stationery	4,576	3,088
Miscellaneous	954	113
	<u>365,988</u>	<u>152,764</u>
Income before income taxes	561,407	415,486
Income taxes	280,550	203,845
	<u>280,857</u>	<u>211,641</u>
Net income (note 2)	280,857	211,641
Profit on sale of investments	6,367,522	3,354,108
Transfer from premium on shares to equalize the equity per share in the amount available for dividends in respect of Special shares sold and redeemed during the year	104,660	106,757
	<u>6,753,039</u>	<u>3,672,506</u>
Dividend declared	426,400	390,136
	<u>6,326,639</u>	<u>3,282,370</u>
Retained earnings available for distribution, beginning of year	4,541,714	1,259,344
	<u>4,541,714</u>	<u>1,259,344</u>
Retained earnings available for distribution, end of year	\$ 10,868,353	4,541,714
	<u><u>\$ 10,868,353</u></u>	<u><u>4,541,714</u></u>

See accompanying notes to financial statements.

	Year Ended September 30 1968	1967
Balance, beginning of year	£ 23,585,791	11,489,832
Add:		
Premium received on sale of 6,861,364 (1967 — 2,517,265) Special shares	47,306,964	15,467,845
	<u>70,892,755</u>	<u>26,957,677</u>
Deduct:		
Premium paid on redemption of 1,400,206 (1967 — 505,410) Special shares	9,600,900	2,746,200
Commission paid on sale of Special shares	1,660,420	518,929
Transfer to retained earnings to equalize the equity per share in the amount available for dividends in respect of Special shares sold and redeemed during the year	104,660	106,757
	<u>11,365,980</u>	<u>3,371,886</u>
Balance, end of year	<u>\$ 59,526,775</u>	<u>23,585,791</u>

Statement of Premium on Shares

Balance, beginning of year	\$ 5,849,616	492,257
Unrealized appreciation for the year	7,291,744	5,357,359
Balance, end of year	<u>\$ 13,141,360</u>	<u>5,849,616</u>

Statement of Unrealized Appreciation of Assets

See accompanying notes to financial statements.

Investors

INTERNATIONAL MUTUAL FUND LTD.

Statement of Changes in Net Assets

	Year Ended September 30	
	1968	1967
Net assets, beginning of year	\$ 39,178,965	16,431,422
Add:		
Net income from investments	280,857	211,641
Profit on sale of investments	6,367,522	3,354,108
Increase in unrealized appreciation of assets	7,291,744	5,357,359
Proceeds of sale of Special shares less commissions paid	52,507,908	17,466,181
	<u>105,626,996</u>	<u>42,820,711</u>
Deduct:		
Payments on redemption of Special shares	11,001,106	3,251,610
Dividend declared from:		
Income from investments (note 3)	280,857	211,641
Profit on sale of investments (note 3)	40,883	70,245
Transfer from premium on shares to equalize the equity per share in the amount available for dividends in respect of Special shares sold and redeemed during the year (note 3)	104,660	108,250
	<u>11,427,506</u>	<u>3,641,746</u>
Net assets, end of year (note 1)	\$ 94,199,490	39,178,965

See accompanying notes to financial statements.

	Year Ended September 30	
	1968	1967
Investments at average cost, beginning of year	\$ 29,066,540	14,722,932
Add:		
Cost of investments purchased	116,494,082	32,945,894
	<u>145,560,622</u>	<u>47,668,826</u>
Deduct:		
Proceeds of investments sold	76,872,651	21,956,394
Less profit on sale of investments	6,367,522	3,354,108
	<u>70,505,129</u>	<u>18,602,286</u>
Investments at average cost, end of year	<u><u>\$ 75,055,493</u></u>	<u><u>29,066,540</u></u>

Statement of Changes in Investments

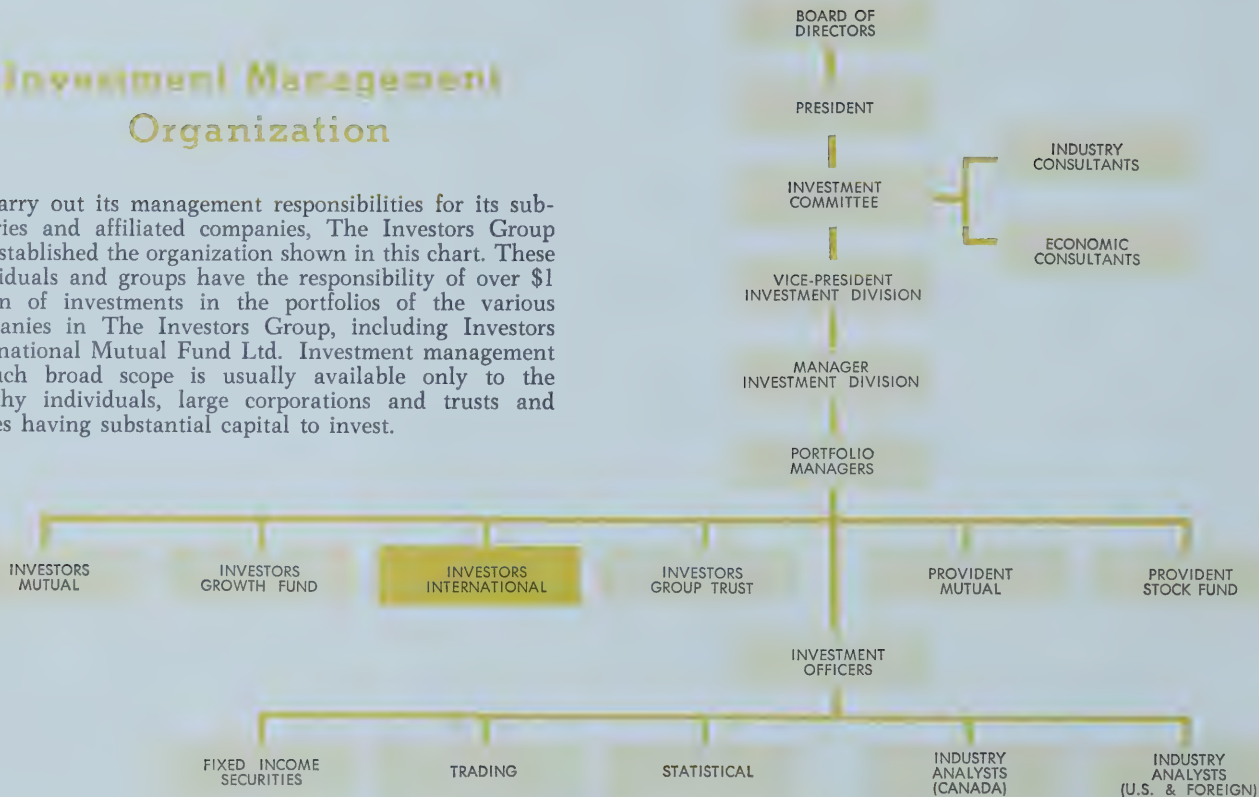
	1968	1967
1. The net asset value per share at September 30	<u>\$8.82</u>	<u>7.53</u>
2. The average net income per share (excluding profit on sale of investments)	<u>2.6c</u>	<u>4.1</u>
3. The source of the dividend declared per share:		
Income from investments	2.6c	4.1
Profit on sale of investments	.4	1.3
Transfer from premium on shares	1.0	2.1
	<u>4.0c</u>	<u>7.5</u>
4. The number of shares outstanding at the end of each fiscal year was used for purposes of per share calculations.		
5. Demand notes are not considered to be portfolio investments and are therefore excluded from the statement of changes in investments.		

Notes to Financial Statements

Investors INTERNATIONAL MUTUAL FUND LTD.

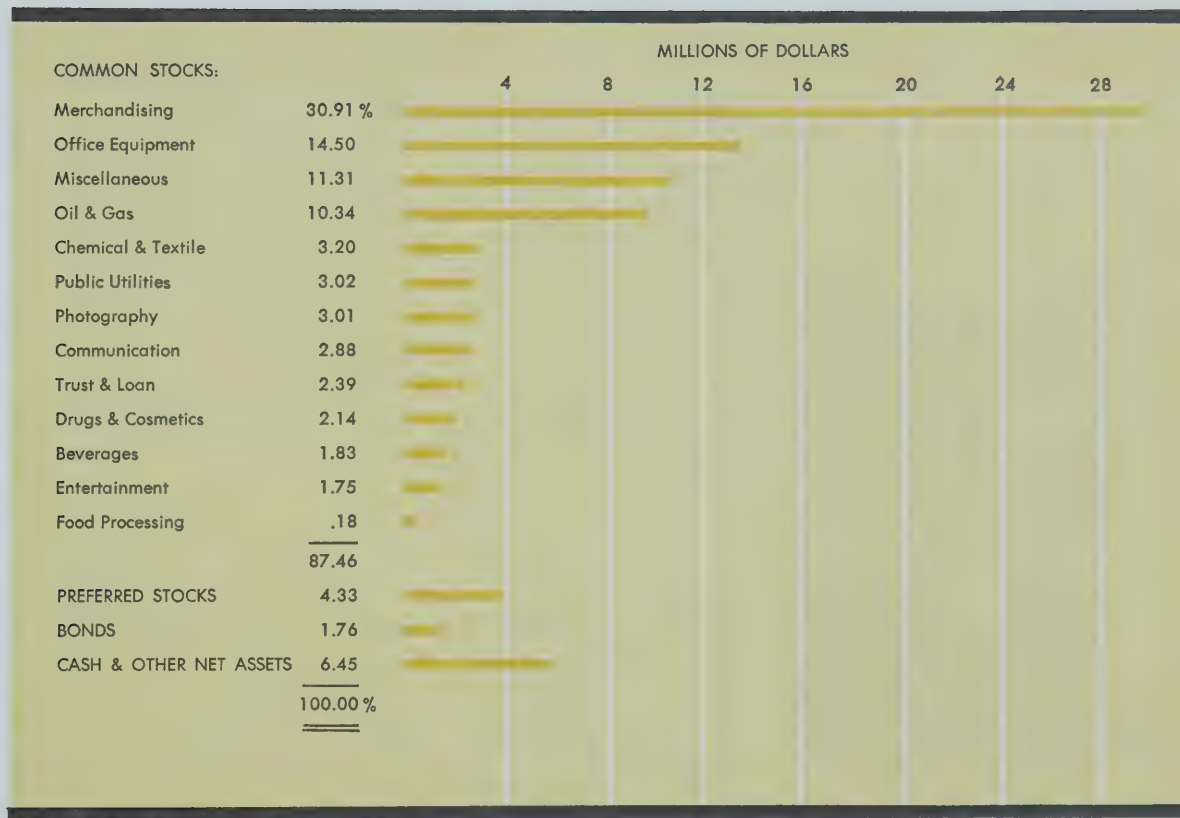
Investment Management Organization

To carry out its management responsibilities for its subsidiaries and affiliated companies, The Investors Group has established the organization shown in this chart. These individuals and groups have the responsibility of over \$1 billion of investments in the portfolios of the various companies in The Investors Group, including Investors International Mutual Fund Ltd. Investment management of such broad scope is usually available only to the wealthy individuals, large corporations and trusts and estates having substantial capital to invest.



Diversification of Assets

SEPTEMBER 30, 1968

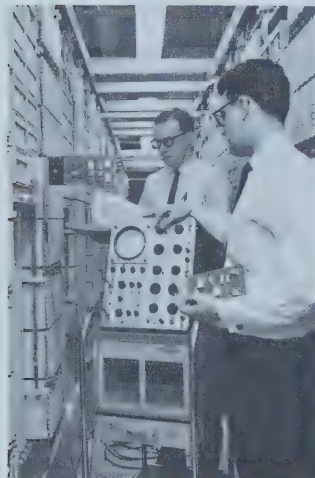


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INTERNATIONAL MUTUAL FUND LTD.

Investment in Securities

SEPTEMBER 30, 1968



Electronic switching system.

Common Stocks (87.46%)

BEVERAGES (1.83%)

Royal Crown Cola (U.S.A.)
soft-drink concentrates

No. of
Shares

Market
Value

Portfolio
Distribution
Per \$1,000

41,800

\$ 1,725,462

\$ 18.31

CHEMICAL & TEXTILE (1.20%)

Nalco Chemical Co. (U.S.A.)
Pollution control chemicals & catalysts

50,000

3,015,500

32.01

COMMUNICATION (2.88%)

Western Union International Inc. (U.S.A.)
communications services

52,200

2,714,452

28.81

DRUGS & COSMETICS (2.14%)

Avon Products Inc. (U.S.A.)
cosmetics

15,000

2,014,365

21.39

Common Stocks (continued)

ENTERTAINMENT (1.75%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Loew's Theatres Inc. (U.S.A.) <i>hotel and theatre chain</i>	12,000	1,645,260	17.47

FOOD PROCESSING (0.18%)

Unilever NV Ltd. (U.S.A.) <i>food products, soaps, etc.</i>	4,300	172,890	1.85
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MERCHANDISING (30.91%)

Butler Shoe Corp. (U.S.A.) <i>shoe retailer</i>	79,300	3,485,949	37.00
Denny's Restaurant Inc. (U.S.A.) <i>owns and franchises restaurants</i>	37,500	1,286,625	13.67
Kentucky Fried Chicken Corporation (U.S.A.) <i>owns and franchises restaurants</i>	50,000	4,436,150	47.09
King's Department Stores Inc. (U.S.A.) <i>discount store chain</i>	70,000	1,941,940	20.61
S. S. Kresge Company (U.S.A.) <i>variety and discount store chain</i>	54,000	2,330,370	24.74
Lum's Inc. (U.S.A.) <i>restaurant franchisor</i>	20,000	1,136,500	12.06



Interior view of a gas absorption plant.

Common Stocks (continued)

MERCHANDISING — Continued

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
McDonald's Corporation (U.S.A.) <i>drive-in restaurant franchisor</i>	20,000	1,291,980	13.71
Melville Shoe Corporation (U.S.A.) <i>shoe manufacturer and retailer</i>	80,900	4,575,462	48.57
Morse Shoe Inc. (U.S.A.) <i>shoe retailer</i>	70,000	3,170,930	33.67
Murphy G. C. Company (U.S.A.) <i>variety store chain</i>	50,900	1,521,248	16.16
Zayre Corp. (U.S.A.) <i>apparel and discount store chain</i>	70,000	3,940,230	41.82
		29,117,384	309.10

MISCELLANEOUS (11.31%)

Bausch and Lomb Inc. (U.S.A.) <i>optical goods</i>	20,000	1,393,840	14.79
Borg-Warner Corporation (U.S.A.) <i>diversified capital goods</i>	50,000	1,769,100	18.78
Continental Corporation (U.S.A.) <i>diversified financial services</i>	29,800	1,941,023	20.60
Continental Insurance Company \$5.00 p.v. (U.S.A.) <i>diversified financial services</i>	3,400	426,513	4.54
Monogram Industries Inc. (U.S.A.) <i>sanitation and fastener equipment</i>	25,000	1,487,650	15.79
Pennzoil Co. (U.S.A.) <i>oil, gas distribution, sulphur</i>	15,000	2,830,575	30.04
Planning Research Corp. (U.S.A.) <i>systems analysis & computer software</i>	16,200	803,326	8.53
		10,652,027	113.07



Pipelines for distributing gas to compressor stations.

Common Stocks (continued)

OFFICE EQUIPMENT (14.50%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Digital Equipment Corp. (U.S.A.) <i>manufacturer of small computers</i>	15,000	2,267,670	24.07
International Business Machines Corp. (U.S.A.) <i>world's largest concern in electronic data processing & related equipment</i>	12,500	4,489,775	47.64
A. Kershaw & Sons Ltd. (U.K.) <i>participation in rank xerox</i>	13,800	945,956	10.06
Randolph Computer Corporation (U.S.A.) <i>computer leasing</i>	40,000	2,058,600	21.86
The Rank Organisation Limited Class "A" (U.K.) <i>Ordinary Non-Voting p.v. diversified company with major interests in xerography in Europe and Japan</i>	200,000	2,546,400	27.03
The Rank Organisation Limited "Ordinary" (U.K.) <i>diversified company with major interests in xerography in Europe and Japan</i>	50,000	636,600	6.77
Scientific Data Systems Inc. (U.S.A.) <i>computer manufacturer</i>	7,500	717,690	7.62
		13,663,691	145.05

OIL & GAS (10.34%)

Atlantic Richfield Co. (U.S.A.) <i>refiner serving eastern & Pacific coast markets</i>	40,000	4,712,240	50.02
British Petroleum Corp. Ltd. (U.K.) <i>international oil Co.</i>	185,000	2,380,210	25.27
Getty Oil Company (U.S.A.) <i>integrated oil Co. with important uranium properties</i>	8,000	892,056	9.47
Royal Dutch Petroleum Company (Netherlands) <i>20 Guilders Dutch-based international oil company</i>	30,000	1,753,020	18.61
		9,737,526	103.37



Sulphur loading.

Common Stocks (continued)

PHOTOGRAPHY (3.01%)

Polaroid Corporation (U.S.A.)	10,000	1,176,720	12.49
<i>unique photographic products</i>			
Technicolor Inc. (U.S.A.)	38,000	1,655,166	17.58
<i>leading color film processor</i>			

No. of Shares	Market Value	Portfolio Distribution Per \$1,000
	2,831,886	30.07

PUBLIC UTILITIES (3.02%)

Continental Telephone Corporation (U.S.A.)	100,000	2,841,200	30.17
<i>independent communications company</i>			

TRUST & LOAN (2.39%)

Belmont Savings and Loan Assoc. (U.S.A.)	35,052	1,033,508	10.96
<i>California S & L.</i>			
Financial Corporation of Santa Barbara (U.S.A.)	27,900	762,786	8.09
<i>California S & L.</i>			
Pacific Savings & Loan Limited (U.S.A.)	12,550	455,816	4.84
<i>California S & L.</i>			

	2,252,110	23.89
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TOTAL COMMON STOCKS

82,383,753 874.56



Electronic data processing equipment.

Preferred Stocks (4.33%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Continental Corporation (U.S.A.) \$2.50 cum. conv. Series "A" <i>diversified financial services</i>	200	13,724	0.15
Atlantic Richfield Co. (U.S.A.) \$3.00 cum. conv. \$1.00 p.v. <i>refiner serving eastern and Pacific const. markets</i>	6,000	1,203,798	12.78
Occidental Petroleum Corporation (U.S.A.) \$4.00 Coupon cum. conv. \$1.00 p.v. <i>major oil producer</i>	13,000	1,940,926	20.60
Pennzoil Inc. (U.S.A.) \$4.00 cum. <i>oil, gas distributor, sulphur</i>	3,500	919,397	9.76
TOTAL PREFERRED STOCKS		<u>4,077,845</u>	<u>43.29</u>

Bonds (1.76%)

	Face Amount	Market Value	Portfolio Distribution Per \$1,000
S. S. Kresge Company (U.S.A.) 4.125% conv. sub. due 6-15-92 <i>variety and discount store chain</i>	\$766,000	1,396,195	14.82
McDonald's Corporation (U.S.A.) 4.25% conv. debbs. due 8-1-93 <i>drive-in restaurant</i>	225,000	260,541	2.77
TOTAL BONDS		<u>1,656,736</u>	<u>17.59</u>
TOTAL INVESTMENTS		88,118,335	935.44
CASH AND OTHER ASSETS (Net) (6.45%)		<u>6,081,155</u>	<u>64.56</u>
TOTAL NET ASSETS		<u>\$ 94,215,042</u>	<u>\$1,000</u>

The Market Values of United States and other Foreign investments were converted at the exchange rate as at September 30, 1968.



Telephone equipment for direct dialing of long distance calls.

THE *Investors* GROUP

The Investors Group, through its subsidiaries and affiliates listed below, offers a complete range of savings and investment management services for individuals and groups. With assets of over \$1.5 billion under its administration, Investors is the largest company of its kind in Canada.

INVESTORS SYNDICATE LIMITED

Distributor of the shares of Investors mutual funds and of guaranteed investment certificates, which provide for the accumulation of a specific sum of money over a stated period of time. The certificates may be purchased either by a single lump-sum investment or a series of payments over a period of years.

INVESTORS GROUP TRUST CO. LTD.

Provides all necessary services for the efficient administration and management of individual and group trustee pension plans, including consultation and government registration. Investors Pension Plans are available throughout Canada from Investors Syndicate representatives.

INVESTORS MUTUAL OF CANADA LTD.

Canada's largest mutual fund, Investors Mutual objectives stress income, protection of invested capital and long-term capital growth. Being a "balanced" fund, it maintains a portfolio of securities consisting of common and preferred stocks and bonds.

INVESTORS GROWTH FUND OF CANADA LTD.

A mutual fund whose principal objective is long-term growth of invested capital, its portfolio emphasizes high-quality common stocks.

INVESTORS INTERNATIONAL MUTUAL FUND LTD.

A mutual fund designed to give the Canadian investing public the opportunity to share in the long-term growth potential of the international investment scene. Emphasis is on common stocks.

THE FOUR CORNERSTONES OF SOUND PERSONAL MONEY MANAGEMENT

The Investors Group believes that a well-balanced investment program should consist of these Four Cornerstones for sound personal money management:

1. A BANK CHEQUING OR SAVINGS ACCOUNT

These are spending dollars rather than long-term savings accounts. The money deposited is generally for current living needs, or for short-term emergencies or opportunities.

2. ADEQUATE LIFE INSURANCE

For family or business protection in the event of premature death.

3. GUARANTEED DOLLARS

Provided by Investors Syndicate's guaranteed Instalment or Single Payment Annuity Certificates to produce a specific amount of money in a stated number of years.

4. GROWTH DOLLARS

Money soundly invested in a selected and diversified list of common stocks through any of Investors' three mutual funds. Because their growth reflects the development of the North American economy, the mutual funds provide an excellent hedge against inflation.



